

FINANCE AND POLICY COMMITTEE

MINUTES AND DECISION RECORD

22 JANUARY 2024

The meeting commenced at 10.00 am in the Civic Centre, Hartlepool.

Present:

Councillor Mike Young (In the Chair)

Councillors: Moss Boddy, Bob Buchan, Tom Feeney, Gerard Hall, Brenda Harrison, Jim Lindridge, Sue Little and Andrew Martin-Wells.

Also Present: Councillor Tom Cassidy as substitute for Councillor Paddy Brown in accordance with Council Procedure Rule 4.2.
Councillor Carole Thompson as substitute for Councillor Melanie Morley in accordance with Council Procedure Rule 4.2.
Councillors Gary Allen and Rachel Creevy.

Officers: Denise McGuckin, Managing Director
Hayley Martin, Director of Legal, Governance and Human Resources
James Magog, Director of Finance, IT and Digital
Paul Dixon, Assistant Director, Corporate and Financial Services
Sally Robinson, Executive Director of Children’s and Joint Commissioning Services
Craig Blundred, Director of Public Health
Jill Harrison, Executive Director of Adult and Community Based Services
Tony Hanson, Executive Director of Development, Neighbourhoods and Regulatory Services
Beverley Bearne, Assistant Director, Development and Growth
Tim Wynn, Strategic Asset Manager
Connor Kerr, Communications and Marketing Team
David Cosgrove, Democratic Services Team

56. Apologies for Absence

Councillors Paddy Brown and Melanie Morley.

57. Declarations of Interest

None.

58. Minutes of the meeting held on 27 November 2023

The Director of Legal, Governance and Human Resources referred to Minute 42 and stated that in respect of the reallocation of funding from the Borough Hall to the Wingfield Castle. The minutes refer to funding from the Arts Council, however, the funding was actually Treasury funding, through the Department of Digital, Culture, Media and Sport with Arts Council England as the fund holder on their behalf.

Members noted the clarification. The Minutes were thereby confirmed.

59. Medium Term Financial Strategy (MTFS) 2024/25 TO 2026/27 *(Director of Finance, IT and Digital)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to provide an update on the impact of the Provisional Local Government Finance Settlement for 2024/25 and to enable Members to approve the budget proposals to be referred to Council, including the level of council tax and adult social care (ASC) precept for 2024/25.

Issue(s) for consideration

The Director of Finance, IT and Digital gave an overview of the Council's financial position, as highlighted in previous reports to Members. The Director of Finance, IT and Digital stated that the financial settlement announced by Government was broadly as anticipated though there was an unexpected reduction to the Services grant, however, there was an unexpected increase in New Homes Bonus which went some way to compensating us for this loss. Overall the grant position as set out in the settlement was £157,000 lower than anticipated.

The Director of Finance, IT and Digital reported that as had been the case in previous years, the government used Core Spending Power as the method to describe the increase in Council funding. This included the government assumption that Councils increase council tax by the maximum allowable, which for a social care or Upper Tier authority was 4.99%.

The report also highlighted that at the time of writing all upper tier councils that had considered their Council Tax position were proposing the maximum increase, and that remained the case, save for one council proposing 4.9% and another 4.95%. A small number of councils had also been given permission by government for a higher increase – either 8% or 10%, and there were others having similar discussions with government.

The position nationally was, therefore, very clear and the Director of Finance, IT and Digital informed the Committee that in an individual discussion with officers at DLUHC, they had been clear that the ability to increase council tax had been provided by government and if 'we' fail to do so, this would be challenged if 'we' end up in the position in the future of seeking exceptional financial support through capitalisation.

The Director of Finance, IT and Digital reported the pressures outlined in the report reflected the most up-to-date position on Children's Social Care, but also revised pay and Adult Social Care inflation forecasts following the increase to the national living wage. There was no additional funding to address either of these pressures in the settlement. Generally, whilst inflation was easing, there were risks going forward, particularly with regard to energy.

The Director of Finance, IT and Digital stated that on the assumption that all of the savings proposals and an increase in Council Tax was agreed, the Council would still be using £3.478m of reserves (this being the £3.755m shown in the report, less the £277,000 on business rates to come in). Using such a level of reserves was over £2m more than the current year. It was not and it was in no way sustainable. By using one off reserves to fund recurring pressures, this increase the gap for 2025/26 to over £7.5m based on current forecasts. This was a significant sum, and posed a substantial challenge for the council to address, especially in the context of limited reserves.

The Director of Finance, IT and Digital highlighted his robustness advice set out in Section 11 of the report. The Director confirmed there were sufficient reserves to balance the 2024/25 budget position. However, there were significant concerns relating to reserves and the Director stated he was unable to provide assurance as to the adequacy of reserves over the medium term, given the considerable risks going forward and the budget position. On that basis, the Director stated he would only able to agree that the financial reserves position was robust with the provisos set out in the report, namely;

- We continue to make every effort to reduce the 23/24 overspend;
- We maintain all cost control measures;
- We seek to bring forward or accelerate additional savings during 24/25; and finally
- Should we receive any unexpected additional funding in the final settlement this should be used to offset the use of reserves.

The Director of Finance, IT and Digital stated that, in his professional view, the recommendations set out in the report, however unpalatable, were required to avoid significant financial stress being placed on the Council.

A Member stated that he opposed all the recommendations set out in the report and moved that there be a Council Tax freeze and no increase in Adult Social Care Precept in 2024/25 and that all Elected Members Special

Responsibility Allowances be scrapped and that debate on the budget be deferred to full Council. The Chair supported the proposal contended that the people of Hartlepool should not be punished for service overspends in the Authority.

The Director of Legal, Governance and Human Resources stated that the Council had a legal duty to set a budget and that if the recommendations were not supported then alternative proposals needed to be put forward. The Director of Finance, IT and Digital indicated that his robustness advice was very clear and that Members must set reasons as to why they were not to follow that advice. The Managing Director added that Members would also need to provide details of how the budget was to be balanced. A Member suggested there were sufficient reserves to provide the necessary funding.

Members of the Labour Group stated that they would have wished to have had detailed discussions on how a budget could have been set not requiring a Council Tax rise. The Chair stated that there had been a number of Group Leader meetings with no suggestions forthcoming.

The Managing Director stated that it would not be possible to make budget recommendations to be forwarded to Council at this meeting and suggested that at the conclusion of the business on the agenda, the meeting stand adjourned to allow further consideration of the issues raised today to allow a reconvened meeting to consider appropriate proposals.

Decision

That the Medium Term Financial Strategy (MTFS) 2024/25 TO 2026/27 be deferred for further consideration at a reconvened session of this Committee meeting.

60. Future of Hartlepool Enterprise Centre *(Executive Director of Development, Neighbourhoods and Regulatory Services)*

Type of decision

Key Decision – General Exception Notice Applies.

Purpose of report

To provide an update as to progress made in relation to a proposed Community Asset Transfer (CAT) of the Hartlepool Enterprise Centre (HEC) in comparison to the possibility of marketing with a view to achieving a freehold sale.

Issue(s) for consideration

The Chair stated that the report would be deferred from consideration at this time as he wished to discuss the matter further with officers.

Decision

That the report be deferred.

61. Housing Revenue Account Business Plan 2024/2025

(Executive Director of Development, Neighbourhoods and Regulatory Services)

Type of decision

Key Decision (tests I and ii apply) (Forward Plan entry DNRS 10/23).

Purpose of report

The report provided an updated Housing Revenue Account (HRA) Business Plan, while reviewing the recent performance of the HRA. It proposed a rent increase for 2024/25 and sought approval to refer the decision to Council. The report also sought approval of the expenditure budget for the HRA.

Issue(s) for consideration

The Executive Director of Development, Neighbourhoods and Regulatory Services reported on the business plan covers our key council housing priorities, showing how HBC intends to develop our services to tenants, how key Government policy changes would be addressed and how it was intended to grow and develop the HRA portfolio. This year's plan provides an update on the key priorities for council housing and how these would be delivered and achieved over the coming years and an overview of the financial sustainability of the HRA.

The Executive Director of Development, Neighbourhoods and Regulatory Services highlighted the key challenges for the HRA moving forward and the issues around delivering an efficient repairs service and delivering responsive and major repair costs. Key to this was ensuring the right level of income for the HRA and this was mainly from tenants rent. The report set out some indicative rent rises for 2024/25. The Executive Director of Development, Neighbourhoods and Regulatory Services stated that a 5% rent increase would lead to the HRA Account being in deficit each of the following three financial years, a position which was unsustainable and could lead to government intervention.

Potential rent increases of 6.7% and 7.7% were also illustrated and the Executive Director of Development, Neighbourhoods and Regulatory Services recommended to the Committee a rent rise of 7.7% as it gave the HRA the most resilience moving forward, in particular in meeting its obligations to tenants around maintenance and repairs.

A Member commented on tenant's right to buy and whether there was a means of insulating the Council from this. The Strategic Asset Manager stated that the right to buy was a statutory facility that all social housing tenants had. The Council was insulated with a 10 year cost floor for older properties and a 15 year cost floor for new builds that meant that the property could not be sold for less than the cost of replacing it on the HRA stock. After those timescales, however, tenants were entitled to discounted purchase prices.

Members discussed the suggested rent increase with some Members concerned at imposing any increase on hard pressed tenants. The Executive Director of Development, Neighbourhoods and Regulatory Services stated that the Government would provide additional funding for those tenants receiving housing benefit and Universal Credit to meet the additional rent demand. Approximately two thirds of HRA tenants, therefore, would have all or part of their rent increase funded by the Government.

The Chair proposed the recommendations set out in the report and requested that a recorded vote be taken.

The following decision was reached by way of a recorded vote in accordance with Council Procedure Rule 15.5.

Those for: Councillors Tom Cassidy, Bob Buchan, Jim Lindridge, Sue Little, Andrew Martin-Wells and Mike Young.

Those against: Councillors Moss Boddy, Tom Feeney, Gerard Hall, Brenda Harrison and Carole Thompson.

Those abstaining: None.

The recommendations, therefore, were carried.

Decision

1. That a proposed rent increase of 7.7% for 2024/25 be referred to Council on 1st February 2024 for approval, noting the overall contents and strategy of the Housing Revenue Account Business Plan 2023/24.
2. That the full Housing Revenue Account expenditure budget for 2024/25 be approved, as detailed in Appendix 1 to the report.

62. Additional National Investment to Procure Stop Smoking Services and Additional Grant Funding to Deliver a Vape Pathfinder Project *(Director of Public Health)*

Type of decision

Key Decision, test (i) applies, Forward Plan Ref CJCS 145/23.

Purpose of report

To share the recent Prime Minister announcement to increase the investment into local stop smoking services and to seek approval from the Finance and Policy Committee to agree the procurement of a stop smoking service.

To also share additional grant funding available for Hartlepool to deliver a national vape pathfinder project to add to the stop smoking offer across Hartlepool.

Issue(s) for consideration

The Director of Public Health On the 4th October 2023, the Prime Minister announced new measures to create the first 'smokefree generation'. This will be one of the most significant public health interventions in a generation, saving tens of thousands of lives and saving the NHS billions of pounds. One of the proposals set out was to help current smokers to quit. Nationally there will be an increase in funding for stop smoking services locally investing an additional £70 million a year over the next five years (2024/25-2028/29).

The aim of the additional funding was to ensure there was a nationwide comprehensive offer to help people stop smoking across England and to increase the number of smokers engaging with effective interventions to quit smoking. Additional funding would be provided to local authorities with the highest smoking rates to level up the communities who need the support the most and to address health disparities. Early indications were that Hartlepool will receive £142,389 of additional investment for stop smoking services.

Hartlepool had been part of a vape pilot project delivered through the Navigators service which includes access to vapes and behavioural support. Hartlepool submitted a bid to be part of an extended national vape pathfinder project and was successful. Hartlepool will receive additional funding £20,446.40 for period 2023/24 and 2024/25 and permission to order the vape five quit kits.

The Director of Public Health's report outlined how these additional services would be procured over, what was expected to be, a five year period. There would also be an element of additional core Public Health grant

funding added to the new funding allocations. It was intended that this would be commissioned on a three year + plus one year + plus one year contract.

Members welcomed the additional government funding for the stop smoking services. Members commented that past service provision had been much more focussed and hoped the new services would provide that more focussed one to one service to help people stop smoking. Members questioned if there would be any prevention services directed towards schools to stop young people start smoking and using vapes. Members expressed concern at the level of vape use among young people and the availability of illegal vapes in the town.

The Director of Public Health indicated that the current services provided by FRESH did provide support to schools. The use of vapes by young people was proving to be a specific issue. Members questioned if alternatives to switching to vapes for smokers would also be considered. The Director of Public Health stated that at this time he could not define what methods would be used but did anticipate that all available methods, including nicotine replacement therapies would be in the mix. The Director of Public Health also assured Members that officers did work closely with Trading Standards colleagues on tackling the issues of dangerous and illegal vapes in the town.

Decision

That the funding proposals set out in the report be approved for the commissioning of a stop smoking service.

63. Adjournment

Decision

The meeting stood adjourned to be reconvened at a date and time to be communicated to Members by the Director of Legal, Governance and Human Resources.

The meeting stood adjourned at 10.40 am.

The meeting was reconvened at 2.00 pm on Friday 26 January 2024 in the Civic Centre, Hartlepool.

Present:

Councillor Mike Young (In the Chair)

Councillors: Moss Boddy, Bob Buchan, Tom Feeney, Gerard Hall, Jim Lindridge, Sue Little and Andrew Martin-Wells.

Also Present: Councillor Carole Thompson as substitute for Councillor Melanie Morley in accordance with Council Procedure Rule 4.2.
Councillors Gary Allen, Rachel Creevy, Matthew Dodds, Philip Holbrook, Karen Oliver and Cameron Sharp.

Officers: Denise McGuckin, Managing Director
Hayley Martin, Director of Legal, Governance and Human Resources
James Magog, Director of Finance, IT and Digital
Paul Dixon, Assistant Director, Corporate and Financial Services
Sally Robinson, Executive Director of Children's and Joint Commissioning Services
Craig Blundred, Director of Public Health
Jill Harrison, Executive Director of Adult and Community Based Services
Tony Hanson, Executive Director of Development, Neighbourhoods and Regulatory Services
Connor Kerr, Communications and Marketing Team
David Cosgrove, Democratic Services Team

64. Apologies for Absence

Councillors Paddy Brown, Tom Cassidy, Brenda Harrison and Melanie Morley.

65. Declarations of Interest

None.

66. Medium Term Financial Strategy (MTFS) 2024/25 TO 2026/27 *(Director of Finance, IT and Digital)*

Type of decision

Budget and Policy Framework.

Purpose of report

The purpose of the report was to provide an update on the impact of the Provisional Local Government Finance Settlement for 2024/25 and to enable Members to approve the budget proposals to be referred to Council, including the level of council tax and adult social care (ASC) precept for 2024/25.

The meeting had been adjourned and now reconvened to consider further the report submitted by the Director of Finance, IT and Digital.

Issue(s) for consideration

The Director of Finance, IT and Digital referred to the report that had been initially considered by Members at the commencement of the meeting on Monday 22 January and highlighted the public consultation undertaken as part of the budget process which showed that an overwhelming number of respondents recognised the Council's financial pressures and the need to avoid a Section 114 situation.

The Director of Finance, IT and Digital also referred to the recent government announcement of an additional £500m for Adult Social Care. No detail of the settlement for Hartlepool had yet been given but it was anticipated to be just over £1m. The Government announcement also did not confirm if the funding was ongoing and this was unlikely to be confirmed until the Spring Budget on 6 March. The Government had also announced that Councils would be required to produce productivity plans. There was no detail of what would be required from these plans but a clear indication that future funding would be measured against performance against the plans. This simply placed greater pressure on local authorities.

The Director of Finance, IT and Digital stated that he had circulated additional details to all Members by email on his robustness advice ahead of the reconvened meeting. This highlighted that any additional monies from Government should be used to reduce the call on reserves as part of the budget proposals for 2024/25 and not simply to offset a Council Tax rise.

The Chair of the Neighbourhood Services Committee stated that while it was unpalatable, a Council Tax rise had to be approved to support front line services that supported the most vulnerable in the town and protect jobs within the Council. Services such as beach lifeguards, libraries grass cutting, pot hole repairs and street cleansing could all be cut back significantly or completely. A Section 114 situation had to be avoided and if it was not and Civil Servants were sent to intervene, service cuts could be wider and Council Tax rises even greater than what is being proposed today. The Chair of the Children's Services stated he also supported the proposed increases on Council Tax and the Adult Social Care precept to protect frontline services.

Labour Group Councillors stated they supported a Council Tax freeze and had offered to work with the Leader on a budget that would have allowed a Council Tax freeze but this had not been taken up. The Chair commented that there had been opportunities for that to happen but they had not been taken up.

The Chair highlighted that the proposed budget saving relating to the operation of CCTV would not be going forward to Council. The Managing Director stated additional funding had been identified from the 'Long-term plans for Towns grant' which could be utilised to support the operation of the CCTV Control Room over the next ten years.

The Chair put the recommendations set out to the Committee in the report but indicated that he would take the issues of the proposed Council Tax precept rise and the Adult Social Care precept rise as two separate recommendations. The Chair proposed that where votes were required, these would be by way of a recorded vote. (The recommendation numbers below relate to those set out in the report.)

Recommendation (i) "That the contents of the report, including that the Core Spending Power increase is based on government's assumption that Councils will increase council tax to the maximum allowable, be noted" was agreed without dissent.

The following decision was reached by way of a recorded vote in accordance with Council Procedure Rule 15.5.

Recommendation (iii) "That Council be recommended to approve the overall budget proposal set out in the report, including savings of £1.792m, use of one-off balances of £3.755m and use of temporary investment income of £1m".

Those for: Councillors Jim Lindridge, Sue Little, and Mike Young.

Those against: Councillors Moss Boddy, Tom Feeney, Gerard Hall, and Carole Thompson.

Those abstaining: Councillors Bob Buchan and Andrew Martin-Wells.

The recommendation, therefore, was lost.

In light of the vote, the Chair adjourned the meeting to allow further discussions between Elected Members.

Following the adjournment, the Chair requested that the vote on Recommendation (iii) be put again to the Committee.

The following decision was reached by way of a recorded vote in accordance with Council Procedure Rule 15.5.

Recommendation (iii) “That Council be recommended to approve the overall budget proposal set out in the report, including savings of £1.792m, use of one-off balances of £3.755m and use of temporary investment income of £1m”.

Those for: Councillors Jim Lindridge, Sue Little, and Mike Young.

Those against: None.

Those abstaining: Councillors Moss Boddy, Bob Buchan, Tom Feeney, Gerard Hall, Andrew Martin-Wells and Carole Thompson.

The recommendation, therefore, was carried.

The following decision was reached by way of a recorded vote in accordance with Council Procedure Rule 15.5.

Recommendation (ii) “Recommend to Council an increase to the Adult Social Care precept of 2%.”

Those for: Councillors Jim Lindridge, Sue Little, Andrew Martin-Wells and Mike Young.

Those against: None.

Those abstaining: Councillors Moss Boddy, Bob Buchan, Tom Feeney, Gerard Hall and Carole Thompson.

The recommendation, therefore, was carried.

The following decision was reached by way of a recorded vote in accordance with Council Procedure Rule 15.5.

Recommendation (ii) “Recommend to Council an increase to core council tax of 2.99%.”

Those for: Councillors Jim Lindridge and Sue Little.

Those against: None.

Those abstaining: Councillors Moss Boddy, Bob Buchan, Tom Feeney, Gerard Hall, Andrew Martin-Wells, Carole Thompson and Mike Young.

The recommendation, therefore, was carried.

Recommendation 2 “That members note that the detailed 2024/25 statutory council tax calculations incorporating the council tax levels set by individual precepting authorities i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils, will be referred to Council on 22 February 2024” was agreed without dissent.

Decision

That the following proposals be referred to Council on 1 February 2024:

1. Note the contents of the report, including that the Core Spending Power increase is based on government's assumption that Councils will increase council tax to the maximum allowable;
2. That an Adult Social Care precept increase of 2% be recommended;
3. That an increase to core Council Tax of 2.99% be recommended;
4. That the the overall budget proposal set out in the report, including savings of £1.792m, use of one-off balances of £3.755m and use of temporary investment income of £1m be recommended to Council;
4. That the robustness advice, detailed in section 11 of the report, including the need to bring forward additional savings proposals during the year to protect the Councils reserve position be noted by Council.
5. That the detailed 2024/25 statutory council tax calculations incorporating the council tax levels set by individual precepting authorities i.e. the Police and Crime Commissioner, Cleveland Fire Authority and individual parish councils, will be referred to Council on 22 February 2024.

67. Any Other Business the Chair Considers Urgent

None.

The meeting concluded at 2.40 pm.

H MARTIN

DIRECTOR OF LEGAL, GOVERNANCE AND HUMAN RESOURCES

PUBLICATION DATE: 31 JANUARY 2024